

AMENDED IN SENATE MAY 1, 2014
AMENDED IN SENATE MARCH 27, 2014

SENATE BILL

No. 1418

Introduced by Senator DeSaulnier

February 21, 2014

An act to amend Sections 16773 and 16965 of the Government Code, to amend Section 2103 of the Streets and Highways Code, and to amend Sections 9400.1 and 42205 of, and to repeal Section 9400.4 of, the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1418, as amended, DeSaulnier. Vehicle weight fees: transportation bond debt service.

(1) Existing law imposes weight fees on the registration of commercial motor vehicles and provides for the deposit of net weight fee revenues into the State Highway Account. Existing law provides for the transfer of certain weight fee revenues from the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of debt service on general obligation bonds issued for transportation purposes. Existing law also provides for the transfer of certain weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee ~~revenue~~ *revenues* to the General Fund to the extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

This bill would repeal these provisions, thereby retaining the weight fee revenues in the State Highway Account. The bill would make other conforming changes in that regard.

(2) Existing law provides for the deposit of fuel excise tax revenues imposed by the state on fuels used in motor vehicles upon public streets and highways in the Highway Users Tax Account, and appropriates those revenues to various purposes. Existing law, with respect to the portion of these revenues that is derived from increases in the motor vehicle fuel excise tax beginning in 2010, requires an allocation of revenues to reimburse the State Highway Account for the amount of weight fee revenues that the State Highway Account is not receiving due to use of weight fee revenues to pay debt service on transportation general obligation bonds and to make certain loans to the General Fund, with the remaining amount of this portion of revenues allocated 44% to the State Transportation Improvement Program, 12% to the State Highway ~~Operations~~ Operation and Protection Program, and 44% to city and county streets and roads.

This bill, with respect to the portion of these revenues that is derived from increases in the motor vehicle fuel excise tax beginning in 2010, would instead require 56% of the revenues to be deposited by the Controller in the State Highway Account and 44% to be allocated by the Controller to city and county streets and roads. This bill would require a minimum of 21.453% of the revenues deposited in the State Highway Account under these provisions to be allocated to the State Highway Operation and Protection Program. The bill would thereby make an appropriation.

(3) This bill would declare that it is to take effect immediately as an urgency statute, with certain provisions to become operative on July 1, 2014.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 16773 of the Government Code is
- 2 amended to read:
- 3 16773. (a) Whenever any payment of principal of any bonds
- 4 shall become due, either upon the maturity of any of the bonds or
- 5 upon the redemption thereof prior to maturity, and whenever any
- 6 interest on any of the bonds shall fall due, warrants shall be drawn

1 against the appropriation made by the bond act from the General
2 Fund by the Controller in favor of the Treasurer, or state fiscal
3 agents, or other duly authorized agents, pursuant to claims filed
4 with the Controller by the Treasurer, in the amounts so falling due.

5 (b) For any payments of debt service, as defined in subdivision
6 (c) of Section 998.404 of the Military and Veterans Code, with
7 respect to any bonds issued pursuant to a veterans' farm and home
8 purchase bond act adopted pursuant to Chapter 6 (commencing
9 with Section 980) of Division 4 of the Military and Veterans Code,
10 the Controller shall first draw warrants against the appropriation
11 from the Veterans' Bonds Payment Fund in Section 988.6 of the
12 Military and Veterans Code, and, to the extent moneys in that fund
13 are insufficient to pay the amount of debt service then due, shall
14 draw warrants against the appropriation made by the bond act from
15 the General Fund for payment of any remaining amount then due.

16 SEC. 2. Section 16965 of the Government Code is amended
17 to read:

18 16965. (a) The Transportation Debt Service Fund is hereby
19 created in the State Treasury. Moneys in the fund shall, among
20 other things, as provided in this section, be dedicated to

21 payment of debt service on bonds, or to redeem or retire bonds,
22 pursuant to Section 16774, maturing in a subsequent fiscal year,
23 including bonds issued pursuant to the Clean Air and
24 Transportation Improvement Act of 1990 (Part 11.5 (commencing
25 with Section 99600) of Division 10 of the Public Utilities Code),
26 the Passenger Rail and Clean Air Bond Act of 1990 (Chapter 17
27 (commencing with Section 2701) of Division 3 of the Streets and
28 Highways Code), the Seismic Retrofit Bond Act of 1996 (Chapter
29 12.48 (commencing with Section 8879) of Division 1 of Title 2),
30 the Highway Safety, Traffic Reduction, Air Quality, and Port
31 Security Bond Act of 2006 (Chapter 12.49 (commencing with
32 Section 8879.20) of Division 1 of Title 2), and the Safe, Reliable
33 High-Speed Passenger Train Bond Act for the 21st Century
34 (Chapter 20 (commencing with Section 2704) of Division 3 of the
35 Streets and Highways Code). If the moneys in the fund are
36 insufficient to pay the balance of the debt consistent with existing
37 obligations, the General Fund will be used to pay the balance of
38 any debt service.

39 (b) From the moneys transferred to the fund pursuant to Section
40 9400.4 of the Vehicle Code prior to July 1, 2014,

1 or on an ongoing basis pursuant to Section 16965.1 or 63048.67,
2 the Controller shall transfer as an expenditure reduction to the
3 General Fund any amount necessary to offset the cost of current
4 year debt service payments made from the General Fund with
5 respect to any bonds issued pursuant to Proposition 192 (1996)
6 and three-quarters of the amount of current year debt service
7 payments made from the General Fund with respect to any bonds
8 issued pursuant to Proposition 1B (2006). In the alternative, these
9 funds may also be used to redeem or retire the applicable bonds,
10 pursuant to Section 16774, maturing in a subsequent fiscal year
11 as directed by the Director of Finance.

12 (c) From moneys transferred to the fund pursuant to Section
13 183.1 of the Streets and Highways Code, the Controller shall
14 transfer as an expenditure reduction to the General Fund any
15 amount necessary to offset the cost of current year debt service
16 payments made from the General Fund with respect to any bonds
17 issued pursuant to Proposition 116 (1990). In the alternative, these
18 funds may also be used to redeem or retire the applicable bonds,
19 pursuant to Section 16774, maturing in a subsequent fiscal year
20 as directed by the Director of Finance.

21 (d) From moneys transferred to the fund pursuant to paragraph
22 (2) or (3) of subdivision (c) of Section 9400.4 of the Vehicle Code
23 prior to July 1, 2014, or on an ongoing basis pursuant to Section
24 16965.1 or 63048.67, the Controller shall transfer as an expenditure
25 reduction to the General Fund any amount necessary to offset the
26 eligible cost of current year debt service payments made from the
27 General Fund with respect to any bonds issued pursuant to
28 Proposition 108 (1990) and Proposition 1A (2008), and one-quarter
29 of the amount of current year debt service payments made from
30 the General Fund with respect to any bonds issued pursuant to
31 Proposition 1B (2006). The Department of Finance shall notify
32 the Controller by July 30 of every year of the percentage of debt
33 service that is expected to be paid in that fiscal year with respect
34 to bond-funded projects that qualify as eligible guideway projects
35 consistent with the requirements applicable to the expenditure of
36 revenues under Article XIX of the California Constitution, and the
37 Controller shall make payments only for those eligible projects.
38 In the alternative, these funds may also be used to redeem or retire
39 the applicable bonds, pursuant to Section 16774, maturing in a
40 subsequent fiscal year as directed by the Director of Finance.

1 (e) On or before the second business day following the date on
2 which transfers are made to the Transportation Debt Service Fund,
3 the Controller shall transfer the funds designated for reimbursement
4 of bond debt service in that month from the fund to the General
5 Fund pursuant to this section.

6 SEC. 3. Section 2103 of the Streets and Highways Code is
7 amended to read:

8 2103. (a) Notwithstanding Section 13340 of the Government
9 Code, of the net revenues deposited to the credit of the Highway
10 Users Tax Account in the Transportation Tax Fund that are derived
11 from the increases in the rates of taxes that are imposed pursuant
12 to subdivision (b) of Section 7360 and Section 7361.1 of the
13 Revenue and Taxation Code, all of the following shall occur on a
14 monthly basis:

15 (1) Fifty-six percent shall be transferred by the Controller to
16 the State Highway Account to fund projects that are consistent
17 with Section 4 2 of Article XIX of the California Constitution,
18 with a minimum of 21.43 percent of the revenues transferred under
19 this paragraph to be used to fund projects in the State Highway
20 Operation and Protection Program.

21 (2) Forty-four percent shall be apportioned by the Controller
22 for local street and road purposes as follows:

23 (A) Fifty percent shall be apportioned by the Controller to cities,
24 including a city and county, in the proportion that the total
25 population of the city bears to the total population of all the cities
26 in the state.

27 (B) Fifty percent shall be apportioned by the Controller to
28 counties, including a city and county, in accordance with the
29 following formulas:

30 (i) Seventy-five percent shall be apportioned among the counties
31 in the proportion that the number of fee-paid and exempt vehicles
32 that are registered in the county bear to the number of fee-paid and
33 exempt vehicles registered in the state.

34 (ii) Twenty-five percent shall be apportioned among the counties
35 in the proportion that the number of miles of maintained county
36 roads in each county bear to the total number of miles of
37 maintained county roads in the state. For the purposes of
38 apportioning funds under this subparagraph, any roads within the
39 boundaries of a city and county that are not state highways shall
40 be deemed to be county roads.

(b) After the transfers or other actions pursuant to subdivision (a), at least 90 percent of the balance deposited to the credit of the Highway Users Tax Account in the Transportation Tax Fund by the 28th day of each month shall be apportioned or transferred, as applicable, by the Controller by the second working day thereafter, except for June, in which case the apportionment or transfer shall be made the same day. These apportionments or transfers shall be made as provided for in Sections 2104 to 2122, inclusive. If information is not available to make the apportionment or transfer as required, the apportionment or transfer shall be made on the basis of the information of the previous month. Amounts not apportioned or transferred shall be included in the apportionment or transfer of the subsequent month.

(c) Notwithstanding any other law, the funds apportioned by the Controller to cities and counties pursuant to paragraph (2) of subdivision (a) are not subject to Section 7104 or 7104.2 of the Revenue and Taxation Code. These funds may be expended for any street and road purpose consistent with the requirements of this chapter.

SEC. 4. Section 9400.1 of the Vehicle Code is amended to read:

9400.1. (a) (1) In addition to any other required fee, there shall be paid the fees set forth in this section for the registration of commercial motor vehicles operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more. Pickup truck and electric vehicle weight fees are not calculated under this section.

(2) The weight of a vehicle issued an identification plate pursuant to an application under Section 5014, and the weight of an implement of husbandry as defined in Section 36000, shall not be considered when calculating, pursuant to this section, the declared gross vehicle weight of a towing commercial motor vehicle that is owned and operated exclusively by a farmer or an employee of a farmer in the conduct of agricultural operations.

(3) Tow trucks that are utilized to render assistance to the motoring public or to tow or carry impounded vehicles shall pay fees in accordance with this section, except that the fee calculation shall be based only on the gross vehicle weight rating of the towing or carrying vehicle. Upon each initial or transfer application for registration of a tow truck described in this paragraph, the

registered owner or lessee or that owner's or lessee's designee, shall certify to the department the gross vehicle weight rating of the tow truck:

Gross Vehicle Weight Range	Fee
10,001–15,000	\$ 257
15,001–20,000	353
20,001–26,000	435
26,001–30,000	552
30,001–35,000	648
35,001–40,000	761
40,001–45,000	837
45,001–50,000	948
50,001–54,999	1,039
55,000–60,000	1,173
60,001–65,000	1,282
65,001–70,000	1,398
70,001–75,000	1,650
75,001–80,000	1,700

(b) The fees specified in subdivision (a) apply to both of the following:

(1) An initial or original registration occurring on or after December 31, 2001, to December 30, 2003, inclusive, of a commercial motor vehicle operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more.

(2) The renewal of registration of a commercial motor vehicle operated either singly or in combination, with a declared gross vehicle weight of 10,001 pounds or more for which registration expires on or after December 31, 2001, to December 30, 2003, inclusive.

(c) (1) For both an initial or original registration occurring on or after December 31, 2003, of a commercial motor vehicle operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more, and the renewal of registration of a commercial motor vehicle operated either singly or in combination, with a declared gross vehicle weight of 10,001 pounds or more for which registration expires on or after December 31, 2003, there shall be paid fees as follows:

	Gross Vehicle Weight Range	Weight Code	Fee
1			
2	10,001–15,000	A	\$ 332
3	15,001–20,000	B	447
4	20,001–26,000	C	546
5	26,001–30,000	D	586
6	30,001–35,000	E	801
7	35,001–40,000	F	937
8	40,001–45,000	G	1,028
9	45,001–50,000	H	1,161
10	50,001–54,999	I	1,270
11	55,000–60,000	J	1,431
12	60,001–65,000	K	1,562
13	65,001–70,000	L	1,701
14	70,001–75,000	M	2,004
15	75,001–80,000	N	2,064

16

17 (2) For the purpose of obtaining “revenue neutrality” as
 18 described in Sections 1 and 59 of Senate Bill 2084 of the
 19 1999–2000 Regular Session (Chapter 861 of the Statutes of 2000),
 20 the Director of Finance shall review the final 2003–04 Statement
 21 of Transactions of the State Highway Account. If that review
 22 indicates that the actual truck weight fee revenues deposited in the
 23 State Highway Account do not total at least seven hundred
 24 eighty-nine million dollars (\$789,000,000), the Director of Finance
 25 shall instruct the department to adjust the schedule set forth in
 26 paragraph (1), but not to exceed the following fee amounts:

27

	Gross Vehicle Weight Range	Weight Code	Fee
28			
29	10,001–15,000	A	\$ 354
30	15,001–20,000	B	482
31	20,001–26,000	C	591
32	26,001–30,000	D	746
33	30,001–35,000	E	874
34	35,001–40,000	F	1,024
35	40,001–45,000	G	1,125
36	45,001–50,000	H	1,272
37	50,001–54,999	I	1,393
38	55,000–60,000	J	1,571
39	60,001–65,000	K	1,716
40	65,001–70,000	L	1,870

1	70,001–75,000	M	2,204
2	75,001–80,000	N	2,271

3

4 (d) (1) In addition to the fees set forth in subdivision (a), a
5 Cargo Theft Interdiction Program fee of three dollars (\$3) shall
6 be paid at the time of initial or original registration or renewal of
7 registration of each motor vehicle subject to weight fees under this
8 section.

9 (2) This subdivision does not apply to vehicles used or
10 maintained for the transportation of persons for hire, compensation
11 or profit, and tow trucks.

12 (3) For vehicles registered under Article 4 (commencing with
13 Section 8050) of Chapter 4, the fee imposed under this subdivision
14 shall be apportioned as required for registration fees under that
15 article.

16 (4) Funds collected pursuant to the Cargo Theft Interdiction
17 Program shall not be proportionately reduced for each month and
18 shall be transferred to the Motor Carriers Safety Improvement
19 Fund.

20 (e) Notwithstanding Section 42270 or any other provision of
21 law, of the moneys collected by the department under this section,
22 one hundred twenty-two dollars (\$122) for each initial, original,
23 and renewal registration shall be reported monthly to the Controller,
24 and at the same time, deposited in the State Treasury to the credit
25 of the Motor Vehicle Account in the State Transportation Fund.
26 All other moneys collected by the department under this section
27 shall be deposited to the credit of the State Highway Account in
28 the State Transportation Fund. One hundred twenty-two dollars
29 (\$122) of the fee imposed under this section shall not be
30 proportionately reduced for each month. For vehicles registered
31 under Article 4 (commencing with Section 8050) of Chapter 4,
32 the fee shall be apportioned as required for registration under that
33 article.

34 (f) (1) The department, in consultation with the Department of
35 the California Highway Patrol, shall design and make available a
36 set of distinctive weight decals that reflect the declared gross
37 combined weight or gross operating weight reported to the
38 department at the time of initial registration, registration renewal,
39 or when a weight change is reported to the department pursuant
40 to Section 9406.1. A new decal shall be issued on each renewal

1 or when the weight is changed pursuant to Section 9406.1. The
2 decal for a tow truck that is subject to this section shall reflect the
3 gross vehicle weight rating or weight code.

4 (2) The department may charge a fee, not to exceed ten dollars
5 (\$10), for the department's actual cost of producing and issuing
6 each set of decals issued under paragraph (1).

7 (3) The weight decal shall be in sharp contrast to the background
8 and shall be of a size, shape, and color that is readily legible during
9 daylight hours from a distance of 50 feet.

10 (4) Each vehicle subject to this section shall display the weight
11 decal on both the right and left sides of the vehicle.

12 (5) A person may not display upon a vehicle a decal issued
13 pursuant to this subdivision that does not reflect the declared weight
14 reported to the department.

15 (6) Notwithstanding subdivision (e) or any other provision of
16 law, the moneys collected by the department under this subdivision
17 shall be deposited in the State Treasury to the credit of the Motor
18 Vehicle Account in the State Transportation Fund.

19 (7) This subdivision shall apply to vehicles subject to this section
20 at the time of an initial registration, registration renewal, or reported
21 weight change that occurs on or after July 1, 2004.

22 (8) The following shall apply to vehicles registered under the
23 permanent fleet registration program pursuant to Article 9.5
24 (commencing with Section 5301) of Chapter 1:

25 (A) The department, in consultation with the Department of the
26 California Highway Patrol, shall distinguish the weight decals
27 issued to permanent fleet registration vehicles from those issued
28 to other vehicles.

29 (B) The department shall issue the distinguishable weight decals
30 only to the following:

31 (i) A permanent fleet registration vehicle that is registered with
32 the department on January 1, 2005.

33 (ii) On and after January 1, 2005, a vehicle for which the
34 department has an application for initial registration as a permanent
35 fleet registration vehicle.

36 (iii) On and after January 1, 2005, a permanent fleet registration
37 vehicle that has a weight change pursuant to Section 9406.1.

38 (C) The weight decal issued under this paragraph shall comply
39 with the applicable provisions of paragraphs (1) to (6), inclusive.

40 SEC. 5. Section 9400.4 of the Vehicle Code is repealed.

1 SEC. 6. Section 42205 of the Vehicle Code is amended to read:
2 42205. (a) Notwithstanding Chapter 3 (commencing with
3 Section 42270), the department shall file, at least monthly with
4 the Controller, a report of money received by the department
5 pursuant to Section 9400 for the previous month and shall, at the
6 same time, remit all money so reported to the Treasurer. On order
7 of the Controller, the Treasurer shall deposit all money so remitted
8 into the State Highway Account in the State Transportation Fund.

9 (b) The Legislature shall appropriate from the State Highway
10 Account in the State Transportation Fund to the department and
11 the Franchise Tax Board amounts equal to the costs incurred by
12 each in performing their duties pursuant to Article 3 (commencing
13 with Section 9400) of Chapter 6 of Division 3. The applicable
14 amounts shall be determined so that the appropriate costs for
15 registration and weight fee collection activities are appropriated
16 between the recipients of revenues in proportion to the revenues
17 that would have been received individually by those recipients if
18 the total fee imposed under the Vehicle License Fee Law (Part 5
19 (commencing with Section 10701) of Division 2 of the Revenue
20 and Taxation Code) was 2 percent of the market value of a vehicle.
21 The remainder of the funds collected under Section 9400 and
22 deposited in the account may be appropriated to the Department
23 of Transportation, the Department of the California Highway
24 Patrol, and the Department of Motor Vehicles for the purposes
25 authorized under Section 3 of Article XIX of the California
26 Constitution.

27 SEC. 7. Sections 1 to 6, inclusive, of this act shall become
28 operative on July 1, 2014.

29 SEC. 8. This act is an urgency statute necessary for the
30 immediate preservation of the public peace, health, or safety within
31 the meaning of Article IV of the Constitution and shall go into
32 immediate effect. The facts constituting the necessity are:

33 In order to make vehicle weight fees available for critically
34 needed transportation improvements as quickly as possible, it is
35 necessary that this act take effect immediately.